

Schlumberger UK Holdings Limited

(Registered no 01686572)

Directors' Report and Financial Statements For the Year Ended 31 December 2006

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Schlumberger UK Holdings Limited

Directors' Report for the Year Ended 31 December 2006

The Directors present the annual report together with the audited financial statements of Schlumberger UK Holdings Limited, "the Company", for the year ended 31 December 2006

Principal activities

The principal activity of the Company is that of a holding company. The company does not trade and is expected to continue in this form in the foreseeable future. Given the current status of business, the Directors are of the opinion that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

The Company has not traded during the year and consequently has made neither profit nor loss (2005 £nil)

Directors and their interests

The following persons held office as Directors of the Company during the year ended 31 December 2006 and up to the date of this report

A Goldby
N Ray

No Director had an interest in the shares of the Company or any other group company such as requires notification to the Company under Section 324 of the Companies Act

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

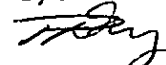
The directors confirm that suitable accounting policies have been used and applied consistently in the preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



P Droy
Secretary
2 April 2007

Independent Auditors' Report To The Members Of Schlumberger UK Holdings Limited

We have audited the financial statements of Schlumberger UK Holdings Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its results for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

2 April 2007

Schlumberger UK Holdings Limited

Profit And Loss Account For The Year Ended 31 December 2006

	Note	2006 £'000	2005 £'000
Net operating expenses		(1)	-
Operating profit		(1)	-
Provision of fixed asset investments	2	1	-
Profit on ordinary activities before taxation	2	-	-
Taxation charge on profit on ordinary activities	4	-	-
Profit on ordinary activities after taxation and retained profit for the year		-	-

The notes on pages 5 to 8 form part of these financial statements

The Company has no recognised gains or losses other than those shown above, therefore no separate statement of total recognised gains and losses has been presented

Schlumberger UK Holdings Limited

Balance Sheet as at 31 December 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Investments	5	64,969	6,095
Current assets			
Debtors	6	95,350	48,251
Creditors: amounts falling due within one year	7	(75,340)	(28,241)
Net current assets		20,010	20,010
Total assets less current liabilities		84,979	26,105
Capital and reserves			
Called-up share capital	8	84,641	26,105
Share premium	9	338	-
		84,979	26,105

The notes on pages 5 and 8 form part of these financial statements

Approved by the Board of Directors on 2 April 2007 and signed on its behalf by


N Ray
Director

Schlumberger UK Holdings Limited

Notes to the Financial Statements at 31 December 2006

1 Accounting Policies

Basis of accounting

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

The Company is exempt from preparing and delivering group financial statements under section 228 of the Companies Act 1985, as the company is a wholly owned subsidiary undertaking of another undertaking registered in England and Wales

Basis of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards

Taxation including deferred taxation

Corporation tax payable is provided on taxable profits at the current rate

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between taxable profits and results as stated in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is measured on a non-discounted basis

Deferred tax assets are only recognisable when it is regarded as more likely than not that there will be suitable taxable profits to recover them against in the future

Impairment Review

The carrying values of investments are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets and goodwill below depreciated historical cost is charged to the profit and loss account

Any impairment is determined by comparing the carrying value of the investment with its recoverable amount, the recoverable amount is the higher of net realisable value or value in use. Value in use is calculated using the present value of future cash flows discounted at an appropriate rate

Related party disclosures

Transactions with other companies within the Group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard 8 (FRS 8) "Related Party Disclosures" paragraph 3(c)

Cash flow statement

The Company has taken advantage of the exemptions available to wholly owned UK subsidiaries under Financial Reporting Standard No. 1 (Revised 1996) "Cash Flow Statements" and accordingly has not prepared a cash flow statement

Schlumberger UK Holdings Limited

Notes to the Financial Statements at 31 December 2006 (continued)

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after (charging) / crediting

	2006	2005
	£'000	£'000
Provision on fixed asset investments	(1)	-
Amount due to liquidated subsidiary released	1	-

Auditor's remuneration is borne by fellow wholly owned subsidiaries of Schlumberger Plc

3 Directors' emoluments

The Directors received no emoluments for the year ended 31 December 2006 (2005 £nil)

4 Taxation on profit on ordinary activities

The company did not trade during the year and no taxable income was earned. Accordingly, no tax charge / (credit) has arisen. The applicable tax rate in the UK is 30% (2005 30%)

5 Investments

	2006	2005
	£'000	£'000
Fixed Asset Investments		
At January	6,095	6,095
Additions	58,875	-
Disposals	(1)	-
Net book amount at 31 December	64,969	6,095

During the year the company acquired the entire share capital of Schlumberger WCP Limited, Schlumberger SIS Limited and Schlumberger Evaluation & Production Services (UK) Limited from its parent, Schlumberger plc at carrying value. The entire share capital of Western UK Limited and Seismograph Services limited was acquired from WesternGeco Limited, a fellow subsidiary of Schlumberger plc. The company issued share capital in consideration for the shares of these companies.

The investment in Langtone Ltd was written off against the payable to the company as the company was liquidated during the year. As a result of the liquidation, no profit or loss was recognised by the company.

In the opinion of the Directors, the value of the Company's investments is not less than the amount at which they are stated in the balance sheet.

Schlumberger UK Holdings Limited

Notes to the Financial Statements at 31 December 2006 (continued)

5 Investments (continued)

At 31 December 2006 the Company owned the entire ordinary share capital of the following companies, which were incorporated in England, Wales or Northern Ireland (unless otherwise stated)

<u>Company</u>	<u>Incorporated</u>	<u>Status</u>
Baker Jardine & Associates Limited	U K	Dormant
Camco Limited	U K	Dormant
Camco UK Pensions Trustee Limited	U K	Dormant
Corlax Trading Limited	U K	Dormant
Data Marine Systems Limited (as a subsidiary of Schlumberger SIS Ltd)	U K	Non-trading
Data Marine Systems (Caspian) Limited	U K	Dormant
Dowell Schlumberger Statistics Limited	U K	Dormant
Geoquest Holdings Limited	U K	Dormant
Geoquest Reservoir Technologies Limited (as a subsidiary of Geoquest Holdings Limited)	U K	Dormant
Lasalle Engineering (Holdings) Limited	U K	Dormant
Lasalle Engineering Limited (as a subsidiary of Lasalle Engineering (Holdings) Limited)	U K	Dormant
Opnet International Limited	U K	Dormant
Phoenix Petroleum Services Limited	U K	Dormant
Reda Industries Limited (the Company also holds 100% of the preference shares issued by Reda Industries Limited)	U K	Dormant
Reservoir Performance Management Systems Limited (as a subsidiary of Sensor Dynamics Limited)	U K	Dormant
Sangamo Weston Limited	U K	Dormant
Schlumberger Dowell Limited	U K	Dormant
Schlumberger Evaluation and Production Services (UK) Limited	U K	Non-trading
Schlumberger SIS Limited	U K	Non-trading
Schlumberger Technologies Limited	U K	Dormant
Schlumberger WCP Limited	U K	Dormant
Sensa International Limited	U K	Dormant
Sensor Dynamics Limited the Company also holds 100% of the preference shares issued by Sensor Dynamics Limited)	U K	Dormant
Techwest Data Systems Limited (incorporated in Canada)	Canada	Dormant
York Sensors Limited	U K	Dormant

6 Debtors

	2006	2005
	£'000	£'000
Amounts falling due within one year		
Amounts owed by Schlumberger plc group companies	95,350	48,251

Balances owed by Schlumberger plc group companies are unsecured, interest free and payable on demand

Schlumberger UK Holdings Limited

Notes to the Financial Statements at 31 December 2006 (continued)

7 Creditors

	2006 £'000	2005 £'000
Amounts falling due within one year		
Amounts owed to Schlumberger plc group companies	75,340	28,241

Balances owed to Schlumberger plc group companies are unsecured, interest free and payable on demand

8 Called-up share capital

	2006 £'000	2005 £'000
Authorised		
100,000,000 ordinary shares of £1 each	100,000	26,105
Allotted and fully paid		
84,640,928 ordinary shares of £1 each	84,641	26,105

Effective 11 December 2006, the company increased its authorised ordinary share capital to 100,000,000 £1 shares and issued 58,535,928 £1 ordinary shares in consideration for the ordinary share capital of Schlumberger WCP Ltd, Schlumberger SIS Ltd and Schlumberger Evaluation and Production Services (UK) Ltd from Schlumberger PLC

9 Share premium

	2006 £'000	2005 £'000
Balance at 31 December	338	-

The share premium arose from the issue of shares in consideration for the ordinary share capital of Schlumberger Evaluation and Production Services (UK) Ltd See note 5

10 Ultimate parent company

Schlumberger plc, a company registered in England, is the parent undertaking of the smallest group of undertakings of which Schlumberger UK Holdings Limited is a member and for which group accounts are drawn up

Schlumberger Limited, a company incorporated in the Netherlands Antilles, is the ultimate parent company

Copies of the accounts of Schlumberger plc can be obtained from 10 Duchess Street, London W1G 9AB, UK and Schlumberger Limited from 5599 San Felipe, Houston, Texas 77056, USA